

Message Text

SECRET

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21-20

ACTION SS-20

INFO OCT-01 EUR-25 EA-11 ISO-00 COME-00 AID-20 EB-11

SCEM-02 INT-08 OMB-01 TRSE-00 NEA-10 AF-10 SCI-06

IO-14 CIAE-00 INR-10 NSAE-00 RSC-01 PM-07 NSC-10

SPC-03 L-03 DRC-01 /174 W

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P R 230748Z NOV 73

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 6717

INFO AMEMBASSY BANGKOK

AMEMBASSY LONDON

AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

CINCPAC

JCS

CIA

S E C R E T VIENTIANE 7936

E.O. 11652: GDS

TAGS: ENRG, LA

SUBJECT: CANCELLATION OF SHELL POL CONTRACTS

REF: STATE 230205

SUMMARY: SHELL REPRESENTATIVES VIENTIANE INFORMED ECONOMIC COUNSELOR/USAID DIR THAT ON INSTRUCTIONS FROM SHELL GROUP DIRECTORS LONDON EXISTING CONTRACTS WITH US AGENCIES ARE TO BE CANCELLED AND NO DELIVERIES CAN BE MADE TO ANY US AGENCIES IN LAOS AFTER DEC 1.

1. TIM FAITHFUL, INCOMING, AND TOM HIGGINS, OUTGOING, MANAGER SHELL COMPANY OF LAOS ASKED FOR URGENT MEETING WITH ECONOMIC COUNSELOR/USAID DIR LATE EVENING NOV 21. THEY MET WITH MANN NOV 22 AND INFORMED HIM OF THE FOLLOWING:

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A. BASED ON ORDERS RECEIVED BY SHELL BANGKOK FROM GROUP DIRECTORS LONDON THEY HAVE BEEN INSTRUCTED BY BANGKOK TO ADVISE US THAT EFFECTIVE DEC 1 NO REPEAT NO USG AGENCIES IN LAOS COULD RECEIVE ANY POL PRODUCTS FROM THE SHELL COMPANY.

B. ARRANGEMENTS TO TRANSFER CONTRACTS TO LAO OFFICIAL OR PRIVATE ENTITIES MIGHT BE CONSIDERED IF DISCREET ARRANGEMENTS COULD BE MADE THAT WOULD NOT LEAVE ANY OBVIOUS TRAIL TO US FINANCING.

C. THEY REALIZED AND HAD SO INFORMED LONDON THAT NO US MILITARY PRESENCE IN LAOS EXCEPT DEFENSE ATTACHE OFFICE. HOWEVER, LONDON AFTER DUE CONSIDERATION HAD DECIDED IN ORDER TO PROTECT ITS STATUS WITH CRUDE PRODUCERS IT FELT IT NECESSARY TO REMOVE ITSELF AS MUCH AS POSSIBLE FROM ANY RELATIONSHIP WITH USG ENTITIES.

2. ECONOMIC COUNSELOR/USAID DIR STATED HE HAD TAKEN NOTE OF THEIR INSTRUCTIONS FROM LONDON VIA BANGKOK BUT WISHED TO POINT OUT THE FOLLOWING: SHELL LONDON'S POSITION APPEARS TO BE AN EXTRAVAGANTLY SHOCKING ONE THAT GIVES IN TO ARAB BLACKMAIL; SHELL'S ACTION PENALIZES LAOS, THE ONLY COUNTRY IN SEA WHERE CEASEFIRE HOLDS, A NEW GOVERNMENT OF NATIONAL UNION IS BEING FORMED AND THE POLICY OF NEUTRALITY APPEARS TO WORK VERY WELL; THE USAID MISSION TO LAOS HAD VALID CONTRACTS WITH SHELL LAOS, THESE CONTRACTS HAVE NO ESCALATION OR FORCE MAJEURE CLAUSES AND WE INTEND TO KEEP THEM TO THEIR CONTRACTUAL OBLIGATIONS.

3. BOTH FAITHFUL AND HIGGINS APPEARED TO BE IMPRESSED WITH THE LOGIC AND THE FORCEFULLNESS OF ARGUMENTS PRESENTED AND INFORMED MANN EVENING NOV 22 THAT THEY AGAIN HAVE BEEN IN TOUCH WITH THEIR GROUP DIRECTORS IN LONDON AND HOPE TO HAVE SOME BETTER NEWS WITHIN THE NEAR FUTURE.

4. PRESUMABLY FAITHFUL AND HIGGINS ARE ACCURATELY
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PRESENTING SHELL LONDON'S VIEW, BUT I FIND THEIR POSITION A SHOCKING ONE AM SURPRISED THAT WE HAVE HEARD NOTHING FROM NEIGHBORING POSTS REGARDING SHELL'S CONTEMPLATED ACTIONS.

5. DEFENSE ATTACHE RECEIVED SIMILAR INFORMATION NOV 22 FROM SHELL LAOS REGARDING DEFENSE FUEL SUPPLY CENTER CONTRACTS.

6. LAOS POL SITUATION IS ADEQUATE FOR THE NEXT 30 TO
40 DAYS WITH STRICT CONSERVATION.
WHITEHOUSE

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